

MALACANANG  
MANILA

EXECUTIVE ORDER NO. 1037

CREATING THE PHILIPPINE RETIREMENT PARK SYSTEM,  
PROVIDING FUNDS THEREFOR AND FOR OTHER PURPOSES

WHEREAS, the Philippine economy is undergoing structural changes to cope with its tight foreign exchange situation emphasizing the urgent need to establish non-conventional programs to attract foreign investment into the country;

WHEREAS, the development and promotion of the Philippines as a retirement haven makes use of a concept that has been tried and proven in other parts of the world resulting in the intensified inflow of foreign exchange to the country concerned;

WHEREAS, there exists a potent and untapped market of 25.5 million retired Americans (1980 Census) in the United States and 1.6 million overseas Filipinos who find the Philippines the most suitable place for retirement;

WHEREAS, the leverage of the US dollar against the Philippine peso enables the country to be competitive in offering an attractive package to targetted retirees who seek a change of environment while looking forward to an easy and comfortable lifestyle as they reach retirement age by way of getting the best value of their money and investment opportunities in their retirement years;

WHEREAS, the country has existing facilities and professional services to cater to the needs of a retirement community;

WHEREAS, the establishment and operation of retirement parks, in addition to the foreign exchange derived, generates employment opportunities, promotes the country's image abroad supports the tourism industry and assists in making fully operational the idle assets of the government and the private sector such as hotels, resorts, etc.;

WHEREAS, it is necessary to establish and operationalize the institutional structure of the organization to handle this program calls the objective of accelerating its implementation by providing the institution with flexibility to compete in the international market;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution do hereby order;

Section 1. Declaration of Policy. The development and promotion of the Philippines as a retirement haven as a means of accelerating the social and economic development of the country, strengthening its foreign exchange position at the same time providing further best quality of life to the targetted retirees in a most attractive package, is hereby declared to be a national policy.

Section 2. Creation of the Philippine Retirement Park System. There is hereby created a corporate body to be known as the Philippine Retirement Park System, hereinafter referred to as the "SYSTEM", which shall implement the policy declared in this Executive Order. The SYSTEM shall have its principal office in Metro Manila and may have such branches, agencies, and/or subsidiaries within Metro Manila and in other areas within and without the Philippines as it may deem necessary for the proper conduct of its business and the discharge of its functions. The

SYSTEM shall be under the Office of the President and shall be attached to the RP-US Business Development Council created by Executive Order No. 831.

Section 3. Purposes and Objectives. The SYSTEM shall have the following purposes and objectives:

- a. To develop and promote the country as a retirement haven;
- b. To adopt the integrated approach in the development or establishment of retirement communities in the country considering the eleven (11) basic needs of man;
- c. To provide the organizational framework to encourage foreign investment in the SYSTEM's development projects;
- d. To provide an effective supervision, regulation and control in the development and establishment of retirement communities in the country and in the organization, management and ownership of the SYSTEM's projects; and
- e. To make optimum use of existing facilities and/or assets of the government and the private sector without sacrificing their competitiveness in the international and local markets.

Section 4. Corporate Powers. The SYSTEM, as a body corporate acting through its Board of Trustees, shall have the following powers and functions in addition to those provided for in the other sections of this Executive Order;

- a. To adopt and use a corporate seal;
- b. To sue and be sued as well as to succeed in its corporate name;
- c. To adopt its by-laws, promulgate rules and regulations as it may deem proper and necessary in the attainment of the purposes and objectives of the SYSTEM;
- d. To exercise the right of eminent domain in the name of the Republic of the Philippines, and in the acquisition of real properties by condemnation proceedings, land grant and any means allowed by law, the title to such real estate shall be taken in the name of the SYSTEM; provided that only those real properties acquired through purchase may be sold;
- e. To conduct the business of handling the transfer of foreigners into the country as immigrants or permanent residents, investors, tourists or in whatever means allowed by law and to handle businesses related to providing these foreigners with a complete living package that includes but not limited to the following: accommodation, food, recreation, medical needs, insurance and livelihood. In the discharge of this function, the SYSTEM shall exercise the following specific powers:
  1. To conduct the business of a travel agency and act in their own right and as agent in the purchase and sale of passenger and freight accommodations in land, air and sea travel, enter into charter parties for the carriage of passenger and freight, conduct tours and sight-seeing



trips within and/or outside of the Philippines, act as agent of hotels and transportation companies, secure from the Philippine Government and foreign governments passports, visas, clearance, permits and other documents necessary for travel and stay in the country;

2. To acquire, by purchase, lease or otherwise, and to own, use, hold, sell, convey, exchange, lease, mortgage, work, improve, develop, divide and otherwise, handle, deal and dispose of real properties of every kind, nature, and description; and to construct or cause to be constructed on any land owned, held, leased, managed, operated or occupied by the SYSTEM, any house, building, condominium or any other improvement as well as manage and operate the same; or otherwise invest in housing, buildings, condominiums, and all other construction projects of every kind and nature; and generally to do anything and everything necessary and proper and to the extent permitted by law, in connection with the ownership, management, operation, sale and disposition of real and personal properties of any and all kind;
3. To own, lease and operate, manage and administer, alone or jointly with others, in the Municipality of Makati and elsewhere, one or more hotels and all adjustments and accessories thereto, including restaurants, bar rooms, barbershops, and cigar stores, roof gardens and to furnish amusement therefore; to do and perform any and all things for the comfort, convenience, pleasure and amusement of guests in said hotels, hotel-apartments, motorists' hotel, motorists' court, condominiums and inns.
- f. To hold, purchase or otherwise acquire, and to sell, assign, pledge, or otherwise dispose of, shares of the capital stock, bonds or other evidences of debt issued or created by any corporation, whether foreign or domestic, and whether now or hereafter organized; and while the holder of any such shares of stock, to exercise all rights and privileges of ownership, including the right to vote thereon, to the same extent as a natural person might or could do;
- g. To issue pursuant to law, its capital stock, bonds, debentures or other evidences of obligation in payment for property purchased or acquired by it, for money borrowed, or for any other lawful obligation and to charge all or any part of its properties as security therefor;
- h. To acquire, by purchase, lease or otherwise and to own, use, hold, sell, convey, exchange, lease, mortgage capital assets such as vehicles or any transportation equipments, computer equipments, communications equipments, machineries of any kind, spare parts, tools, jigs and fixtures that are necessary in the businesses that the corporation is involved in or in businesses that it plans to invest in, including rights, softwares, patent rights, trademarks, tradenames, service names, service marks, brands, distinctive marks, inventions, designs, improvement and processes, and all privileges, rights, titles and interests pertaining thereto;
- i. To carry on the business of warehousing and storing, packing, crating and repackaging of all kinds of substance and articles of commerce and merchandise and to do all business necessary to and incidental thereto;



- j. To make and enter into all kinds of contracts, agreements, and obligations by or with any person or persons, corporation or corporations, for the purchase, acquisition, holding, manufacture, and sale of, or otherwise deal in, any and all kinds of goods, articles, or personal property whatsoever, either as principal, or agent, upon commission or otherwise, and generally with full power to perform any and all acts connected therewith or arising therefrom, or incidental thereto, and any and all acts proper or necessary for the conduct of its business;
- k. To borrow funds from any source, private or public, foreign or domestic, and to issue promissory notes, bonds, debentures and other evidence of indebtedness and to charge all or any part of its properties as security therefor;
- l. To purchase, hold, convey, sell, lease, let, mortgage, encumber, and otherwise deal with such real and personal property or engage in any transaction as the lawful business of the SYSTEM may reasonably and necessarily require;
- m. To endorse or assume the payment of principal of, and/or interest or dividends upon, and to undertake the performance of sinking fund or other obligation of, any stocks, bonds, obligations, or other securities or evidences of indebtedness, and to guarantee in any way permitted by law the performance of any of the contracts or other undertakings in which the SYSTEM may otherwise be or become interested in, of any corporation, association, partnership, firm, syndicate, individual, government, state, municipality, or other political or government division or subdivision, domestic or foreign, insofar as may be permitted by law;
- n. To act as general manager for the management of business of any person, corporation or other juridical entity, the management of funds, properties, portfolio and similar assets of such managed person, corporation or juridical entity;
- o. To conduct a general advertising business both as principal and agent, including the preparation and management of advertisements and the manufacture and construction of advertising devices and novelties; to erect, construct, purchase, lease or otherwise acquire fences, billboards, signboards, buildings and other structures for advertising purposes, to carry on the business of general advertising by circulation and distribution and display of cards, signs, posters, handbills, programs, banners, caps and all kinds of conveyance for the aforesaid purpose; and to make use of radio, television and any other media of advertisement;
- p. To secure from any governmental agencies, state, municipal and other authority, any rights, powers, privileges, franchises and concessions, and to utilize and dispose of the same in any lawful manner;
- q. To act as agent or representative of any and all corporations, firms or individuals organized, located or residing in any part of the world insofar as the same may not be prohibited by law;



- r. To organize or cause to be organized under the laws of the Republic of the Philippines or any other state, territory, nation, colony, province or government, a corporation or corporations, associations, firms or entities for the purpose of accomplishing any or all of the objects which the SYSTEM is organized and to dissolve, wind up, liquidate, merge, consolidate, combine or amalgamate any such corporation or corporations, associations, firms or entities or to cause the same to be dissolved, wound up, liquidated, merged, consolidated, combined, or amalgamated;
- s. To make and enter into all kinds of contracts and agreements with any person or persons, corporation or corporations, including government-owned or controlled corporations, or any agency or agencies of the government, as may be necessary, expedient, advisable or in any manner pertaining to the whole or any part of its businesses and operations, and/or as maybe necessary or proper for the attainment of the purposes and objectives of the SYSTEM.

Section 5. The Board of Trustees. The SYSTEM shall be governed, and its activities and properties shall be controlled and managed by a Board of Trustees, hereinafter referred to as the "BOARD", which shall be composed of the Minister of Human Settlements as Chairman; the Chairman of the Philippines-United States Business Development Council as Vice Chairman; the Chairman of the Monetary Board, the Minister of Tourism, the Commissioner on Immigration and Deportation, the Representative of the Office of the President, and the Chief Executive Officer/General Manager of the Philippine Retirement Park System (the SYSTEM) as ex-officio members.

In the absence of the Chairman, the Vice Chairman shall act as Chairman. In the absence of both the Chairman and the Vice Chairman, the BOARD shall elect a temporary presiding officer. The officials next in rank to, or such officials duly designated in writing by the ex-officio Board members shall serve as alternate members. Such alternates shall attend board meetings and the meetings of any committee assigned to their principals, and receive the corresponding per diems, whenever their principals are absent or said positions are vacant.

The BOARD shall meet regularly at least once a month and as often as the exigencies of the service demand. The presence of at least four (4) members shall constitute a quorum, and the vote of a majority of the members present there being a quorum, shall be necessary for the adoption of any resolution, rule, regulation, decision, award or any other corporate act.

Each member of the BOARD shall receive a per diem of at least FIVE HUNDRED PESOS (P500.00) per meeting actually attended: Provided, That no member shall receive a per diem of more than TWO THOUSAND FIVE HUNDRED PESOS (P2,500.00) per month;

Section 6. Powers and Functions of the Board. The BOARD shall have the following powers, functions and duties:

- a. To formulate policies, guidelines and programs to effectively implement and carry out the purposes and objectives of the SYSTEM;
- b. To prescribe and periodically review and revise the amount of the fees, charges and assessments levied and collected for the support and maintenance of the operations of the SYSTEM;

- c. To control the management, operation and administration of the SYSTEM;
- d. To promulgate such rules and regulations as may be necessary or proper for the effective exercise of powers and functions as well as the discharge of the duties and responsibilities of the SYSTEM, its officers and employees;
- e. To authorize such expenditures of the SYSTEM as may be necessary or proper for the effective management, operation and administration of the SYSTEM;
- f. Upon the recommendation of the Chief Executive Officer/General Manager of the SYSTEM, to determine and approve the SYSTEM's organizational and administrative structure or pattern, and establish and fix, review, revise and adjust the appropriate compensation scheme of the officers and employees of the SYSTEM with reasonable allowances, bonuses and other incentives as may be recommended by the Chief Executive Officer/General Manager of the SYSTEM;
- g. To approve the annual and supplemental budget of receipts and expenditures of the SYSTEM;
- h. To appoint, promote, transfer, remove, suspend or otherwise discipline the Deputy General Manager and other officers of the SYSTEM, occupying executive and senior management positions; and
- i. To do any and all acts and transact such business as may be necessary or proper for the attainment of the purposes and objectives of the SYSTEM.

Section 7. Officers of the SYSTEM. The officers of the SYSTEM shall be one Chief Executive Officer, one General Manager as Managing Director who shall be directly assisted by at least one (1) Deputy General Manager, and all shall be appointed by the BOARD. The BOARD shall determine the other officers of the SYSTEM who, except as provided in this Executive Order, shall be appointed by the General Manager subject to confirmation by the BOARD.

Section 7a. The Chief Executive Officer. The Executive Officer shall coordinate all the activities of the SYSTEM in relation to the Philippines-United States Business Development Council. He shall have such functions as may be delegated to him by the Board of Trustees;

Section 8. The General Manager: His Power and Duties. The General Manager shall be the Chief Operating Officer of the SYSTEM. He shall exercise the following powers and duties:

- a. To execute the policies, guidelines and programs approved by the BOARD, and to be responsible for the efficient discharge of management and operational functions;
- b. To submit for the consideration and approval of the BOARD, proposed measures, policies, guidelines and programs as he may deem necessary or proper for the effective implementation of this Executive Order;



- c. To direct and supervise the management, operation and administration of the SYSTEM, and, for this purpose, he may delegate any or some of his administrative responsibilities and duties to the other officers of the SYSTEM;
- d. To execute, on behalf of the SYSTEM, all contracts and agreements which the SYSTEM may enter into, and to execute, accomplish, and deliver any and all documents relative to such contracts and agreements;
- e. To represent the SYSTEM in all dealings with other offices, agencies and with all other persons or entities, whether domestic or foreign and whether government or private;
- f. To appoint, promote, transfer, remove, suspend and discipline the officers and employees of the SYSTEM, except those appointed by the BOARD, and prescribe their duties and qualifications;
- g. To exercise such other powers and perform such duties as may be vested or reposed upon him by the BOARD.

Section 9. Incentives and Benefits. In order to encourage foreign nationals and overseas Filipinos to participate in the development of retirement villages and other projects of the SYSTEM in the country, the following set of incentives are hereby accorded as follows:

- a. Entitlement to the tax exemptions provided by P.D. No. 1217 upon certification thereof by the SYSTEM;
- b. Guaranteed repatriation of any foreign exchange currency remitted to, brought in, or invested in, the SYSTEM and/or development projects of the SYSTEM;
- c. Extension of all Balikbayan privileges and exemptions to Filipinos and former Filipinos overseas returning to the Philippines to take up permanent residency in the projects of the SYSTEM;
- d. Grant of permanent resident status to foreigners participating or taking up residency under the retirement programs or projects of the SYSTEM through a minimum investment of 50,000 U.S. Dollars in the SYSTEM via a Trust Fund, withdrawable only upon withdrawal from the retirement program of the SYSTEM of the participant concerned. For purposes hereof the spouse and unmarried children under 21 years of age, of the applicant may also be given permanent resident status, if accompanying or if following to join him after his admission into the Philippines as a permanent resident. This investment requirement may be increased or decreased by the Board of Trustees upon recommendation of the General Manager;
- e. Exemption from customs duties and from other present or future import taxes, for one time only and up to the amount of seven thousand dollars (US\$7,000.00) for the importation of their household furniture shall be granted.

In case of any transfer of the property referred to in paragraph (e) to any other person, firm, corporation or any other entity effected within three years following its entry into the national territory, then the taxes, due thereon but payment of which were exempted, must be paid. The



BOARD may, by regulation, prescribe the applicable rules in case of total loss of said articles or household furniture.

- f. Importation of one automotive vehicle for personal or family use, free of all importation, customs, sales, and economic stabilization taxes shall be allowed. Such vehicles may be sold or transferred to third parties, exempt from the aforementioned taxes, after seven years have elapsed from the date of entry of said vehicle into the country. The value which corresponds to this item shall not be taken into account in computing the exemption established in the preceding paragraph.

With prior authorization from the SYSTEM, the beneficiaries of the SYSTEM's projects/programs, may substitute their vehicle abroad, at any time, and shall continue to enjoy the same exemptions established in this paragraph.

The beneficiaries of the SYSTEM's projects/ programs may, however, at any time, import another vehicle with the same benefits herein specified, after prior payment of the taxes due on any vehicle which has been previously imported tax-free.

In case of loss of said vehicle, by theft or total destruction by fire, collision or accident occurring within the period of five years from date of entry of said vehicle into the country, the beneficiary under this law may acquire another vehicle free of the taxes herein before specified;

Should the beneficiary withdraw from the programs/ projects of the SYSTEM within 7 years, he must pay all the taxes for which he has been exempted from paying by virtue of the provisions of this Section.

The BOARD is hereby authorized and empowered to promulgate such rules and regulations as may be necessary to implement the provisions of this Section.

The grant of the foregoing incentives shall not preclude the entitlement, if applicable, of any enterprise invested in by said foreign nationals and overseas Filipinos, to the incentives and benefits under the Omnibus Investment Code (P.D. 1978), the Tourism Incentives Program of 1974 (P.D. 535) and the Investments Promotion Act in Less Developed Areas (B.P. 44).

Section 10. Capitalization of the SYSTEM. The SYSTEM shall have an authorized capital of TWO HUNDRED MILLION PESOS (P200,000,000.00) divided into ten million shares with a par value of one hundred pesos per share which shall be fully subscribed and paid for by the Government of the Republic of the Philippines. For the pre-operating expenses, marketing, operational and other requirements of the SYSTEM, an initial release of TEN MILLION PESOS (P10,000,000.00) is hereby authorized for the SYSTEM chargeable against the Special Activities Fund of the President. Thereafter, such amount as may be necessary to support the continued operation, maintenance and expansion of the SYSTEM shall be included in the General Appropriations Act.

The Central Bank is hereby directed to pay the SYSTEM the peso equivalent of 2% of the foreign exchange generated by the SYSTEM, the same to be paid upon actual remittance into the country of said foreign exchange.



Section 11. Donation to the SYSTEM. The SYSTEM is hereby authorized to solicit and receive donations, grants, contributions, gifts or endowments, from all sources whether foreign or domestic, and whether government or private, without the need of securing a permit, approval or registration from any government agency, to support its operations and development projects. Notwithstanding any provision of law to the contrary, all donations, grants, contributions, gifts or endowments received by the SYSTEM pursuant hereto, shall be exempt from income, gift and all other kinds of taxes, and shall further be deductible in full from the gross income of the donors under the National Internal Revenue Code, as amended.

Section 12. Exemption from Fees, Duties and Taxes. The SYSTEM is hereby declared exempt from all income and other internal revenue taxes, tariff and custom duties and all other kinds of taxes, fees, charges and assessments levied by the Government and its political subdivision, agencies and instrumentalities.

The President of the Philippines, upon recommendation of the Minister of Finance, may partially or entirely lift the exemptions herein granted, if he shall find that the SYSTEM is already self-sustaining and finally capable of paying such taxes, custom duties, fees, charges and other assessments, after providing for the debt service requirement, and the projected capital and operating expenditures of the SYSTEM.

Section 13. Merit System. All officials and employees of the SYSTEM shall be selected and appointed on the basis of merit and fitness in accordance with a comprehensive and progressive merit system to be established by the SYSTEM upon its organization. The recruitment, transfer promotion and dismissal of its personnel, including temporary workers shall be governed by such merit systems. In this connection the officers and employees of the system shall be exempt from the application of the Civil Service Law, rules and regulation and from the rules and regulations of the Office and Compensation and Position Classification.

Section 14. Auditor. The SYSTEM shall have their own Auditor who shall not be subject to the supervision of and control of the Commission on Audit, and who shall be appointed by the BOARD. The Chairman of the Commission on Audit shall, however, conduct an annual Audit to check the financial statements and to comment on the efficiency and effectiveness of the operations of the SYSTEM, and submit its findings to the President.

Section 15. Legal Counsel. The office of the Government Corporate Counsel shall be the Legal Counsel of the SYSTEM. For the services of the staff of the office of the Government Corporate Counsel, the SYSTEM shall appropriate and pay such amount as may be assessed by the Government Corporate Counsel to defray the maintenance of the office and transportation and representation expenses of the lawyers in the Office of the Government Corporate Counsel who may be assigned to handle the legal matters and problems of the SYSTEM. The SYSTEM may, however, hire or contract the services of other lawyers and/or law offices in specific areas of specialization.

Section 16. Annual Report. The SYSTEM shall render to President of the Philippines, through the ministry of Human Settlements. An annual report of its operations and accomplishments not later than March 15.

Section 17. Applicability of the Corporation Code. The Provision of the Corporations Code, insofar as they are not inconsistent with provision of this Executive Order, or with the purposes and objectives of the System, shall apply to the SYSTEM.

Section 18. Repealing Clause. All laws, executive orders, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed, amended or modified accordingly. The provisions of this Executive Order shall not be repealed, amended or modified, unless expressly so provided in subsequent general or special laws.

Section 19. Separability Clause. The provisions of this Executive Order are hereby declared to be separable, and if any provision or section of this Executive Order or application thereof to any person or circumstances should for any reason be held invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the other provisions or sections of this Executive Order.

Section 20. Effectivity. This Executive Order shall take effect immediately.

Done in the City of Manila, this 4th day of July, in the year of Our Lord, Nineteen Hundred and Eighty-Five.

(SGD.) FERDINAND E. MARCOS  
President of the Philippines

By the President:

(SGD.) JUAN C. TUVERA  
Presidential Executive Assistant